

PUBLIC WORKS COMMITTEE

DATE: June 18, 2009

CALLED TO ORDER: 5:30 p.m.

ADJOURNED: 6:00 p.m.

ATTENDANCE

ATTENDING MEMBERS

Benjamin Hunter, Chair
Brian Mahern
Dane Mahern
Angela Mansfield
Janice McHenry
Mary Moriarty Adams
Mike Speedy

ABSENT MEMBERS

Ginny Cain
Christine Scales

AGENDA

PROPOSAL NO. 214, 2009 - approves the purchase of certain land owned by Donro, Inc. by the Department of Public Works for construction of a stormwater improvements project

"Postpone" until July 9, 2009

Vote: 6-0

PROPOSAL NO. 215, 2009 - approves the purchase of certain land owned by the Roman Catholic Archdiocese of Indianapolis Properties, Inc. by the Department of Public Works for construction of a stormwater improvements project

"Do Pass"

Vote: 7-0

PROPOSAL NO. 216, 2009 - approves the purchase of certain land owned by Norma Jean and Virgil A. Dollar by the Department of Public Works for construction of a sanitary sewers project

"Do Pass"

Vote: 7-0

PROPOSAL NO. 217, 2009 - approves the issuance of Sanitary District Revenue Bonds in an amount not to exceed \$480,000,000 to fund capital improvement projects to meet critical deadlines stipulated in the consent decree with the Environmental Protection Agenda

"Do Pass"

Vote: 7-0

PUBLIC WORKS COMMITTEE

The Public Works Committee of the City-County Council met on Thursday, June 18, 2009. Chairman Benjamin Hunter called the meeting to order at 5:30 p.m. with the following members present: Brian Mahern, Dane Mahern, Angela Mansfield, Janice McHenry, Mary Moriarty Adams, and Mike Speedy. Ginny Cain and Christine Scales were absent. General Counsel Robert Elrod represented Council staff.

PROPOSAL NO. 214, 2009 - approves the purchase of certain land owned by Donro, Inc. by the Department of Public Works for construction of a stormwater improvements project

Councillor Speedy moved, seconded by Councillor Dane Mahern, to "Postpone" Proposal No. 214, 2009 to July 9, 2009. The motion carried by a vote of 6-0.

Chair Hunter asked for consent take Proposal Nos. 215 and 216, 2009 together. Consent was given.

PROPOSAL NO. 215, 2009 - approves the purchase of certain land owned by the Roman Catholic Archdiocese of Indianapolis Properties, Inc. by the Department of Public Works for construction of a stormwater improvements project

PROPOSAL NO. 216, 2009 - approves the purchase of certain land owned by Norma Jean and Virgil A. Dollar by the Department of Public Works for construction of a sanitary sewers project.

Jeff Roeder, Council Liaison, Department of Public Works (DPW) said that both of these proposals are under the same category and that DPW needs to purchase property so that they can install stormwater equipment and implement the Septic Tank Elimination Program (STEP). He said Proposal No. 215, 2009 is a stormwater improvement project for the Highland Creek property, and Proposal No. 216, 2009 is a STEP project for the Southeastern Corridor area. He said these proposals give DPW the authority to make initial offers in the process of acquiring these lands.

Chair Hunter asked Mr. Roeder if he was correct in saying that these proposals are not an allocation for money, but that a clause is already in the existing budget pursuant to the committee giving DPW permission to offer appraisals. Mr. Roeder answered in the affirmative. He said this measure is a part of the land acquisition program.

Councillor Speedy asked if the amount that the city can pay is limited to the appraised value of the property. Mr. Roeder said that DPW obtains two appraisals, and the average of the appraisals becomes the initial offer. After that point, DPW can contact the owners of the property with that initial offer. Councillor Speedy asked Mr. Roeder if the city currently has control over this property. Mr. Roeder answered in the negative. He said they are not allowed to make any offers until the Council has approved

purchases over \$25,000. Councillor Speedy asked if these two proposals are separate projects. Mr. Roeder answered in the affirmative.

{Clerk's Note: Councillor Moriarty Adams arrived at 5:36 p.m.}

Councillor Speedy asked if the acquisition amounts are in the budget for capital improvements. Mr. Roeder answered in the affirmative.

Councillor Speedy moved, seconded by Councillor Dane Mahern, to send Proposal Nos. 215 and 216, 2009 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 217, 2009 - approves the issuance of Sanitary District Revenue Bonds in an amount not to exceed \$480,000,000 to fund capital improvement projects to meet critical deadlines stipulated in the consent decree with the Environmental Protection Agency

Diana Hamilton, Financial Advisor, DPW, said she works extensively with the Clean Stream Team. She said Proposal No. 217, 2009 is a General Resolution that authorizes up to \$480,000,000 in bonds, which will be used to fund projects for the sanitary district. She said it includes projects related to the Consent Decree, as well as STEP projects, and other improvements to the sanitary plant. She said the resolution is pretty straightforward, and that in Section 1, bonds are being authorized, and allows for them to be issued. She said they may be issued as a short-term note, or with interim financing during the construction phase, and then be converted to long-term financing. She said if that happens, it would only count once against the \$480,000,000. Ms. Hamilton said Section 2 states that the bond bank may, but is not required to use the Moral Obligation Pledge to support the credit of the bonds if necessary to obtain the best interest rate. She said when they do fall from the Indiana State Revolving Fund (SRF), (the cheapest source of financing), they are required by state to have the city's Moral Obligation Pledge (M.O. Pledge) on loans with the state. She said when they have taken out bonds with the open market, and it is not necessary for them to use the M.O. Pledge. She said a list of projects has been submitted because they are a part of the approval process by the committee.

Ms. Hamilton said some projects extend to the year 2023. She said the purpose of the \$480,000,000 is to cover the financing period of 2009-2013, and it is tied to the rate increase that the Council passed in April 2009. She said that the plan for the 2009-2013 time period is estimated at \$750,000,000, and of that amount, they are seeking to finance \$480,000,000 with the new bond issues. Ms. Hamilton said she has provided a larger list of projects on the chance that some of them get moved up over time, or that they need to be rearranged. She said that DPW laid the projects out based on anticipation of when the projects will take place.

Councillor Speedy asked Ms. Hamilton if the finance rate for the \$480,000,000 is fixed or variable. Ms. Hamilton said the SRF is always a fixed rate. She said a 10.75% rate

increase was approved by the Council over each of the next five years. She said that DPW will be issued \$200,000,000 for projects through the SRF program, or approximately \$40,000,000 annually, and the average interest rate will be about 3.5%, and no more than 4%. She said all of these debts will be at a fixed rate. Ms. Hamilton said in an open market they took into consideration a 30-year debt. In the future things may change, but currently she would not consider doing anything other than a fixed rate. Ms. Hamilton said the SRF program offers DPW a subsidized interest fund, and they are always able to borrow through the SRF below-market rate. She said eventually DPW will have to borrow more than the SRF can lend, and at that point they will have to go to the open market for funding.

Councillor Speedy asked if all of the loans are a separate transaction, and if the committee's vote will be authorizing all of the loans. Ms. Hamilton answered in the affirmative. Councillor Speedy asked if there are more projects listed than there is funding. Ms. Hamilton answered in the affirmative. She said the projects from 2009-2013 are worth over \$1,000,000,000. She said, typically, they estimate 15% more for projects than what they will actually do. Ms. Hamilton said they will probably use between \$657,000,000 to \$675,000,000 of the \$750,000,000 capital plan funds, and the rest will be an overestimate. She said the engineers believe it is imperative to have that extra cushion. She said there are also some projects that they think they will not be doing until later, but they have been included on the list in case they need to be moved around. Steve Nielsen, Deputy Director, DPW, said they have always overestimated in case their projects bid out more than what was initially anticipated.

Councillor Brian Mahern asked if this allocation is for 2009-2013. Ms. Hamilton answered in the negative. She said the authorization does not expire, and it works the same way as a credit line, where it is gone once it is used up. She said as a matter of practice, DPW does not use stale bond authorizations. She said some bonds may date back ten years, and they do not feel it is appropriate to use those funds because it was a different Council and a different authorization. Ms. Hamilton said the department tries to make sure that the bonds are contemporaneous to the authorization.

Councillor Brian Mahern asked what is important about the dollar amount of \$480,000,000. Ms. Hamilton said the five-year capital plan is about \$750,000,000, with about 15% in overestimates. This decreases the amount to approximately \$650,000,000; and of that dollar amount, \$480,000,000 will be bond funded. In addition to that, they will draw down approximately \$5,000,000 a year from the Sanitation General Fund to fund projects on a pay-as-you-go basis. In addition to that, there is about \$140,000,000 in existing SRF funds that have been paid for with the old rates. She said they expect to spend those funds by the end of this year because they have a hefty construction schedule.

Councillor Brian Mahern asked Ms. Hamilton how DPW will handle a situation like this in the future, because the current Council's term expires 2011, and many of these projects will expand to 2013. Ms. Hamilton said many of these projects are long-term, and will take multiple bond issues and multiple authorizations. She said 2013 is also a major

deadline for meeting various terms with the Environmental Protection Agency (EPA). She said they have to make it through 2013 to meet the EPA's guidelines, or the projects will become very expensive for the city. She said over the next six months of this year, DPW will probably spend \$200,000,000 just for contracts in the Belmont Construction project. She said DPW has a very big construction schedule, but it is set up that way to meet EPA's deadlines. She said they expect to expend \$750,000,000 during a five-year period, but they will enter into contracts that are closer to \$1,000,000,000 in amount. She said they will have signed contracts, but the cash will not be expended because they are long-term contracts. She said DPW will enter into contracts that will expend money beyond 2013.

Councillor Brian Mahern asked Mr. Nielsen what total amount of money is needed to satisfy the Consent Decree. Mr. Nielsen said it is close to \$1.7 Million, but they are trying to negotiate that amount with EPA.

Councillor Speedy read an amendment attached as **Exhibit A**. He said this amendment allows the Public Works Board to have the flexibility to modify some of the projects contained on **Exhibit A**. Councillor Speedy moved, seconded by Councillor Moriarty Adams, to "Amend" Proposal No. 217, 2009, as per **Exhibit A**. The motion carried by a vote of 7-0.

Councillor Dane Mahern asked Mr. Nielsen how many projects have been cross-referenced with street repairs. Mr. Nielsen said all of the projects have been cross-referenced.

Chair Hunter told Mr. Nielsen that he appreciates DPW's efforts in working with the Department of Parks and Recreation (DPR) to reduce infrastructure costs.

Councillor Moriarty Adams moved, seconded by Councillor Dane Mahern to send proposal No. 217, 2009 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

There being no further business, and upon motion duly made, the meeting adjourned at 6:00 p.m.

Respectfully Submitted,

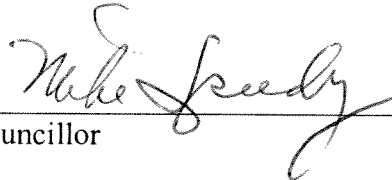
Benjamin Hunter, Chairman

BH/cj

MOTION TO AMEND
Proposal No. 217, 2009

Mister Chair:

I respectfully move to amend Proposal No. 217, 2009, with the underlined portion to be read as follows below.


Councillor

WHEREAS, the Board of Public Works (the "Board") of the City of Indianapolis, Indiana (the "City"), being the governing body of the Sanitary District of the City (the "Sanitary District"), has determined that it is necessary to issue one or more series of revenue bonds (the "Bonds") of the Sanitary District in the aggregate principal amount of Four Hundred Eighty Million Dollars (\$480,000,000), and prior to and in anticipation of the issuance of a series of such Bonds, it may be necessary to issue one or more series of bond anticipation notes, limited recourse notes or other interim financing obligations (collectively, the "Notes") of the Sanitary District in the aggregate principal amount not to exceed Four Hundred Eighty Million Dollars (\$480,000,000) all for the purpose of procuring funds to apply to the costs of any or all or any portion of the projects specified in Exhibit A attached hereto and made a part hereof; (or any or all or any portion of projects related thereto that are subsequently approved by the Board); together with expenses associated therewith and in connection with or on account of the issuance of the Bonds and Notes therefor (the "Projects"); and

CITY-COUNTY GENERAL RESOLUTION NO. _____
Proposal No. _____

A PROPOSAL FOR A GENERAL RESOLUTION approving the issuance of one or more series of City of Indianapolis, Indiana, Sanitary District Revenue Bonds and, if necessary, one or more series of notes in an aggregate principal amount not to exceed Four Hundred Eighty Million Dollars (\$480,000,000) and approving and authorizing other actions in respect thereto.

WHEREAS, the Board of Public Works (the "Board") of the City of Indianapolis, Indiana (the "City"), being the governing body of the Sanitary District of the City (the "Sanitary District"), has determined that it is necessary to issue one or more series of revenue bonds (the "Bonds") of the Sanitary District in the aggregate principal amount of Four Hundred Eighty Million Dollars (\$480,000,000), and prior to and in anticipation of the issuance of a series of such Bonds, it may be necessary to issue one or more series of bond anticipation notes, limited recourse notes or other interim financing obligations (collectively, the "Notes") of the Sanitary District in the aggregate principal amount not to exceed Four Hundred Eighty Million Dollars (\$480,000,000) all for the purpose of procuring funds to apply to the costs of any or all or any portion of the projects specified in Exhibit A attached hereto and made a part hereof, ~~(or any or all or any portion of projects related thereto that are subsequently approved by the Board);~~ together with expenses associated therewith and in connection with or on account of the issuance of the Bonds and Notes therefor (the "Projects"); and

Deleted: :

WHEREAS, Indiana Code 36-3-5-8, as amended, requires the City-County Council to approve the issuance of bonds or notes by any special taxing district of the City; and

WHEREAS, Indiana Code 5-1.4, as amended, provides that a "qualified entity," which term includes the Sanitary District, may issue and sell its bonds or notes to The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank"); and

WHEREAS, the Executive Director of the Bond Bank has expressed a willingness to purchase the Bonds and the Notes in a negotiated sale subject to approval by the Board of Directors of the Bond Bank, and the Bond Bank may determine to purchase the Bonds or the Notes with proceeds from the issuance of the Bond Bank's bonds (the "Bond Bank Bonds") or tax-exempt commercial paper notes (the "Commercial Paper Notes"), which Bond Bank Bonds or Commercial Paper Notes may be secured by a debt service reserve fund established by the Bond Bank that will be subject to the provisions of Indiana Code 5-1.4-5, as amended, and Special Ordinance 67,85 of the City-County Council; and

WHEREAS, pursuant to Indiana Code 4-4-11, as amended, and Indiana Code 13-18-13, as amended, the Sanitary District may issue or sell its bonds or notes to the Indiana Finance Authority (the "Authority") as part of the State Wastewater Revolving Loan Fund ("SRF") Program; and

WHEREAS, the City-County Council has determined that the issuance of the Bonds and Notes by the Sanitary District should be approved; now therefore:

BE IT RESOLVED BY THE CITY-COUNTY COUNCIL OF THE
CITY OF INDIANAPOLIS AND OF MARION COUNTY, INDIANA;

SECTION 1. The City-County Council does hereby approve: (i) the issuance of the Bonds of the Sanitary District in one or more series in the aggregate principal amount of Four Hundred Eighty Million Dollars (\$480,000,000); and (ii) the issuance of the Notes in one or more series in an aggregate principal amount not to exceed Four Hundred Eighty Million Dollars (\$480,000,000), with the proceeds of the Bonds or Notes used to finance the costs of the Projects. The City-County Council further approves the sale of the Bonds and the Notes to the Bond Bank, to the Authority as part of the SRF Program or to another purchaser by public or negotiated sale as provided by law. In no event shall the total principal amount of Bonds and Notes outstanding at any time pursuant to this Resolution exceed Four Hundred Eighty Million Dollars (\$480,000,000). The City-County Council hereby authorizes any Notes issued pursuant to this Resolution to have a maturity date (including any renewals or extensions) that is not later than five years from the date such Notes are issued. **Refunding bonds issued by the Sanitary District to refund Bonds do not reduce the authorized issuance amount for the Bonds provided in this Resolution except by the amount the principal amount of such refunding bonds exceed the outstanding principal amount of the Bonds to be refunded.**

SECTION 2. The City-County Council does hereby acknowledge that the Bond Bank Bonds and the Commercial Paper Notes may be supported by a debt service reserve fund established by the Bond Bank that will be subject to the provisions of Indiana Code 5-1.4-5, as amended, and Special Ordinance 67,85 of the City-County Council.

SECTION 3. This Resolution shall be in full force and effect upon adoption and compliance with Indiana Code 36-3-4-14, as amended.

The foregoing was passed by the City-County Council this ____ day of _____, 2009, at ____ p.m.

ATTEST:

Bob Cockrum
President, City-County Council

Melissa Thompson,
Clerk, City-County Council

Presented by me to the Mayor this ____ day of _____, 2009, at ____ .m.

Melissa Thompson
Clerk, City-County Council

Approved and signed by me this _____ day of _____, 2009.

Gregory Ballard, Mayor

CITY OF INDIANAPOLIS)

_____, _____, and now remains on file and on record in my office.

11/11/2019 10:00 AM

Clerk, City-County Council

(SEAL)

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